

Retirement OUTLOOK

For Active Members / PERS, TRS, SERS, LEOFF, WSPRS, Judges

July 2003

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Our New Look!

The *Retirement Outlook for Active Members* is published three times each year by the Department of Retirement Systems. This is the same publication you're used to receiving, we've just given it a fresh new look.

The appearance has changed, but the content still focuses on matters that are important to you as a Washington State retirement plan member.



Members may receive service credit for disability or military absence

Did you know that in some circumstances you may obtain service credit for work time missed while on temporary disability leave or military leave of absence? Different rules apply for different retirement plans. For more information, refer to the following online publications for your system and plan:

- *Recovery of Withdrawn or Optional Service Credit*
- *Interruptive Military Service Credit*
- *Disability Benefits* (for temporary disability leave)

These publications are available on DRS' Web site at:

www.drs.wa.gov. You can also talk with a DRS retirement services analyst at (360) 664-7000 in the Olympia area, or at 1-800-547-6657.

Retirement Outlook is published by the Washington State Department of Retirement Systems. The agency administers the following retirement systems for public employees throughout Washington State:

- Public Employees' Retirement System (PERS)
- Teachers' Retirement System (TRS)
- School Employees' Retirement System (SERS)
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
- Washington State Patrol Retirement System (WSPRS)
- Judicial Retirement System (JRS)
- Judges' Retirement Fund

DRS also administers the Deferred Compensation and Dependent Care Assistance Programs.

Director: John F. Charles
Editor: Jilene Siegel

Mailing Address:
Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380

DRS Web site:
<http://www.drs.wa.gov>

Member E-Mail Contact:
recep@drs.wa.gov

Agency Telephone Numbers:
Information (360) 664-7000
Toll-free 1-800-547-6657
TDD Line (360) 586-5450
Retirement Outlook (360) 664-7097
Seminar/Workshop
Registration (360) 664-7300
Toll-free 1-888-711-6676

Deferred Compensation Program:
Information (360) 664-7111
Toll-free 1-888-327-5596

Retire-Rehire Rules Change for Plan 1 Members

Recent legislation changes the post-retirement employment provisions for Public Employees' Retirement System (PERS) Plan 1 members. Provisions in the original bill that would have impacted Teachers' Retirement System (TRS) Plan 1 retirees were vetoed by the Governor when the bill was signed into law.

Impact to PERS Plan 1 Members

PERS Plan 1 members who retire and begin receiving pension payments on or after August 1, 2003, may return to work and still receive retirement benefits. If you are away from the job for at least 30 days after your retirement date, you may work up to 867 hours per year without impacting your pension. The limit goes up to 1,500 hours per calendar year if the following conditions are met: you must be away from the job 90 days after your retirement date; the employer must document a justifiable need to hire a retiree; and the appropriate authority must approve the hiring.

The new legislation also creates a cumulative limit for the number of hours that you may work over 867. For each calendar year, hours worked over 867 and up to 1,500 are counted against a cumulative maximum limit of 1,900 hours. After the maximum has been reached, working more than 867 hours in any calendar year would result in a temporary suspension of pension benefits until the beginning of the next calendar year or termination of employment.

Additional information is available on the DRS Web site. A printed version of the information can be requested by calling 1-800-547-6657 or (360) 664-7000 in the Olympia area.

Which rules apply to members who work during the month of July 2003?

If you received your first retirement benefits in July 2003 or sooner, your return-to-work rules are similar to those in effect prior to the legislative change. If you return to work in an eligible position after a 30-day (one calendar month) separation, you may work for a public employer up to 1,500 hours per calendar year while receiving a pension. The 1,900 hour cumulative limit will apply retroactively.

If you work at all during the month of July and you have not yet begun receiving your retirement benefits, your retirement date will be no earlier than August 1. The new retire-rehire provisions will apply.

Legislature Enhances Duty-Related Death Benefits

Thousands of people leave the comfort and security of their homes every day to perform a public service. On rare occasions, they give their lives before the day is done. The Legislature recently passed the following bills to enhance the death benefits for survivors:

\$150,000 Duty-Related Death Benefit — Effective July 27, 2003, if a member of the Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS) or Teachers' Retirement System (TRS) dies as a result of injuries sustained in the course of employment (as determined by the Department of Labor and Industries), the member's beneficiaries will receive a \$150,000 duty-related death benefit.

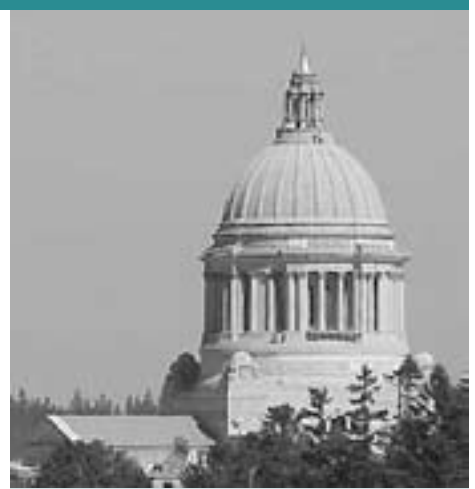
Unreduced Death Benefits for PERS, SERS, and TRS Members — Beneficiaries of a PERS, SERS or TRS member killed in the course of employment on or after July 1, 2001, will receive retirement benefits without an actuarial reduction based on the member's age at the time of death.

Fallen Heroes' Survivor Benefit — Benefit payments to beneficiaries of public safety officers killed in the line of duty may not be subject to federal income tax, as provided in federal law.

Legislation Creates Select Committee on Pension Policy

A new Select Committee on Pension Policy was created by recent legislative action to replace the Joint Committee on Pension Policy. The 20-member Select Committee will include four active retirement system member representatives, two retiree representatives, four employer representatives, eight state legislators, and the directors of the Department of Retirement Systems and the Office of Financial Management.

The Select Committee will study pension issues, the retirement systems' funding status, and actuarial assumptions. Based on their findings, the committee will make recommendations to the Legislature.



This issue provides a summary of 2003 retirement legislation.

The DRS Web site includes information related to each of the retirement bills mentioned in this newsletter. The site also provides a link to the Legislature's Web site where the text of the bills are available.

As DRS implements the recently-enacted legislation, more information will be made available to impacted members on the DRS Web site, by direct mail, and through employers.

LEOFF Legislation Provides Clarification

The following legislative actions pertain to the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plans 1 and 2:

Disability Board Membership — This change clarifies that LEOFF Plan 2 members may serve on LEOFF Plan 1 disability boards if they are elected by those LEOFF Plan 1 members and retirees who are subject to the jurisdiction of the board.

Implementing Initiative 790 — Initiative 790, which created a Board of Trustees for the governance of LEOFF Plan 2, required the Department of Retirement Systems and the Office of the State Actuary to jointly prepare implementing legislation. This legislation makes necessary statutory corrections to facilitate implementation of the Initiative.

Amending Initiative 790 — The Legislature repealed section 6(5) of Initiative 790, which provided that investment gains above the actuarially assumed rate of return would be used exclusively to fund new benefits.

Some PERS Positions Move to LEOFF

Fish and Wildlife Enforcement Officers — Effective July 27, 2003, Fish and Wildlife Enforcement Officers currently in PERS Plan 2 or PERS Plan 3 will become members of LEOFF Plan 2 for all future service. Service credit earned prior to the effective date will remain in PERS. The Department of Retirement Systems is working closely with the Department of Fish and Wildlife and members impacted by this change.

Fish and Wildlife Enforcement Officers currently in PERS Plan 1 will remain in PERS and will not transfer into LEOFF.

Emergency Medical Technicians — New legislation allows some members to transfer service credit and contributions from PERS to LEOFF Plan 2. If, while employed for a city, town, county or district, an Emergency Medical Technician's (EMT's) job was relocated to a fire department, PERS service credit earned on that job may be transferred to LEOFF. The member must pay the LEOFF contributions that would have been required, less the PERS contributions already paid, plus interest. If you believe you may be eligible to transfer service credit under this legislation, contact a LEOFF retirement services analyst at (360) 664-7000 in the Olympia area, or 1-800-547-6657.

Watch for New Contribution Rates

Member contribution rates have changed for the following retirement plans, effective July 1, 2003 –

PERS Plan 2	1.18%
LEOFF Plan 2	5.05%

Member contribution rates for the following plans will change effective September 1, 2003 –

SERS Plan 2	0.85%
TRS Plan 2	0.87%



Retirement Outlook is available to members in alternate formats. For more information contact the editor at (360) 664-7097.

Plan Ahead for Your Retirement

DRS offers *free* seminars and workshops to help you plan ahead for your retirement.

- **Seminars** run from 8 a.m. to 5 p.m., and include presentations by experts in financial planning, estate planning, health insurance and Social Security. Seminars include retirement plan workshops, so please do not register for both.
- **Workshops** help explain your DRS-administered retirement plan. They are 60 to 90 minutes in length and cover service credits, retirement eligibility, benefit calculations, payment options, and other plan-specific information.

Workshop Times

	Plan 1		Plan 2		Plan 3	
	Begin	End	Begin	End	Begin	End
PERS	1:00 p.m.	2:30 p.m.	11:15 a.m.	12:45 p.m.	11:15 a.m.	12:45 p.m.
SERS			11:15 a.m.	12:45 p.m.	11:15 a.m.	12:45 p.m.
TRS	1:00 p.m.	2:30 p.m.	11:15 a.m.	12:45 p.m.	11:15 a.m.	12:45 p.m.
LEOFF	11:15 a.m.	12:25 p.m.	12:30 p.m.	1:30 p.m.		
WSPRS	1:35 p.m.	2:35 p.m.				

How to register:

- **Online:** Register via the Internet at www.drs.wa.gov and click the “Seminar Schedule” button in the upper right corner below the DRS banner. Follow the instructions on the screen to register for the session of your choice.
- **By telephone:** Call 1-888-711-6676 or (360) 664-7300 in the Olympia area. Hearing impaired members may call the TDD line toll-free at 1-866-377-8895 or (360) 586-5450 in the Olympia area.
- **By e-mail, US mail, or campus mail:** Send your registration by e-mail to Register@drs.wa.gov or by US mail to PO Box 48380, Olympia, Washington, 98504-8380, or by campus mail to Mailstop 48380. Include the seminar or workshop date and location, your retirement system and plan, your name, home mailing address, daytime phone number, employer, and any special needs you may require to accommodate a disability. If your spouse or partner will attend with you, include his/her name. If the spouse or partner is a member of a Washington State retirement system, also include their system and employer.

Watch for seminars at these locations in 2004: Bellingham, Bremerton, Edmonds, Ellensburg, Everett, Kelso, Mount Vernon, Port Townsend, Richland, Seattle, Spokane, Tacoma, Tumwater, Vancouver, Wenatchee, and Yakima.

Locations & Dates*

August - December 2003

Aberdeen	October 18
Bellingham	November 1
Olympia*	December 13
Renton	November 15
Richland	September 13
Spokane*	October 25
Tacoma	December 6
Vancouver	September 20

* **NOTE:** All seminars include PERS, SERS and TRS workshops. Seminar locations shown shaded with an asterisk (*) above also include LEOFF and WSPRS workshops.

Comments from recent seminar participants

“The seminar was very informative. I only wish I had attended a few years earlier.”

“This conference was well organized with presenters who made a subject I consider ‘boring’ interesting enough to keep me focused all day!”

“The speakers were very knowledgeable in their areas. We learned a lot and were inspired!”

“This day was well worth my time!”

**This newsletter is delivered in bulk to employers.
Changes to affixed mailing labels should be directed to your employer.**

Plan 3 Members May Waive Pension

Plan 3 members in PERS, SERS or TRS may voluntarily waive their rights to future defined benefit payments. This may be beneficial for members who are eligible for a pension from another state. The waiver is an irrevocable action and there are some restrictions. Plan 3 members who wish to waive their future defined benefit payments should refer to their plan's member handbook on the DRS Web site at www.drs.wa.gov for more information.

Plan 3 Contribution Rate Flexibility

The state Legislature passed a bill to give Plan 3 members in PERS, SERS, and TRS an annual window each January during which they may select a different retirement contribution rate option. However, before the legislation can be enacted, Internal Revenue Service (IRS) approval is necessary. The IRS has approved the annual window for TRS. The first rate change window for TRS will be in January 2004. DRS requested but has not yet received the necessary IRS approval to extend this option to PERS and SERS. Plan 3 members will receive more information as the window approaches.

School Substitutes May Purchase Service Credit

Substitute classified school employees may qualify to purchase School Employees' Retirement System (SERS) service credit for work performed on or after July 27, 2003. This extends the same benefits to substitute classified employees currently available to substitute teachers. The substitute may obtain SERS service credit after the end of the school year in which the work was performed, by paying the required member contributions to the retirement system. Substitute employees eligible for this option will receive information from their employers at least once each quarter.

TRS Plan 1 Accommodates Extended School Year

Teachers' Retirement System (TRS) Plan 1 members who work for school districts that use extended school year calendars will now see their final months' pay reflected in the Average Final Compensation (AFC) used to determine pension benefit amounts.

For TRS Plan 1 members, the AFC is based on the highest paid consecutive two-school-year period. In the past, a year's pay was always defined by the fiscal year calendar—July 1 through June 30. Recent legislation changed the rules to permit the use of a district's extended school year rather than the fiscal year for calculating the AFC.

Retirement estimates for members from a district that uses an extended school year will reflect either the fiscal year or calendar year AFC, whichever achieves the best result for the member.

In school districts where the traditional school year calendar is still in effect, the July 1–June 30 calendar year will continue to be the basis for AFC calculations.